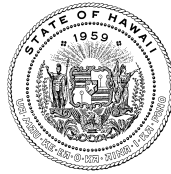


DAVID Y. IGE
GOVERNOR



LAUREL A. JOHNSTON
DIRECTOR

KEN N. KITAMURA
DEPUTY DIRECTOR

EMPLOYEES' RETIREMENT SYSTEM
HAWAII EMPLOYER-UNION HEALTH BENEFITS TRUST FUND
OFFICE OF THE PUBLIC DEFENDER

**STATE OF HAWAII
DEPARTMENT OF BUDGET AND FINANCE**

P.O. BOX 150
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ADMINISTRATIVE AND RESEARCH OFFICE
BUDGET, PROGRAM PLANNING AND
MANAGEMENT DIVISION
FINANCIAL ADMINISTRATION DIVISION
OFFICE OF FEDERAL AWARDS MANAGEMENT (OFAM)

WRITTEN ONLY

**TESTIMONY BY LAUREL A. JOHNSTON
DIRECTOR, DEPARTMENT OF BUDGET AND FINANCE
TO THE SENATE COMMITTEE ON WAYS AND MEANS
ON
HOUSE BILL NO. 2174, H.D. 1**

**April 6, 2018
11:00 a.m.
Room 211**

**RELATING TO THE DEPARTMENT OF BUSINESS, ECONOMIC DEVELOPMENT,
AND TOURISM**

House Bill No. 2174, H.D. 1, establishes the High Growth Grant Program (HGGP) to provide grants to qualified businesses for certain business development activities; establishes the HGGP Special Fund (HGGPSF); and appropriates an unspecified amount of general funds for FY 19 to be deposited into the HGGPSF provided that no more than an unspecified amount can be expended on administrative expenses.

While the Department of Budget and Finance takes no position on the establishment of the HGGP, as a matter of general policy, the department does not support the creation of any special fund which does not meet the requirements of Section 37-52.3, HRS. Special funds should: 1) serve a need as demonstrated by the purpose, scope of work and an explanation why the program cannot be implemented successfully under the general fund appropriation process; 2) reflect a clear nexus between the benefits sought and charges made upon the users or beneficiaries or a clear link between the program and the sources of revenue; 3) provide an appropriate means of financing for the program or activity; and 4) demonstrate the capacity to be financially self-sustaining. In regards to House Bill No. 2174, H.D. 1, it is difficult to determine whether the proposed special fund would be self-sustaining.

Thank you for your consideration of our comments.



**DEPARTMENT OF BUSINESS,
ECONOMIC DEVELOPMENT & TOURISM**

DAVID Y. IGE
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Statement of
LUIS P. SALAVERIA
Director
Department of Business, Economic Development, and Tourism
before the
SENATE COMMITTEE ON WAYS AND MEANS

Friday, April 6, 2018
11:00 a.m.
State Capitol, Conference Room 211

in consideration of
HB 2174, HD1
**RELATING TO THE DEPARTMENT OF BUSINESS, ECONOMIC DEVELOPMENT,
AND TOURISM.**

Chair Dela Cruz, Vice Chair Keith-Agaran, and Members of the Committee.

The Department of Business, Economic Development, and Tourism (DBEDT) **supports the intent** of HB 2174, HD1, which establishes the high-growth grant program and special fund in DBEDT to provide grants to qualified businesses for expansion of business operations, improving business productivity or investing in food safety or quality control programs.

DBEDT appreciates that this measure will support business by making possible grants to purchase equipment, conduct management and workforce training, improve infrastructure, and conduct consulting or feasibility studies by businesses that have been in business for at least two full years and have demonstrated the ability to export products.

DBEDT supports the bill as long as it does not either replace or adversely impact the Administration's priorities.

Thank you for the opportunity to provide this testimony.

HB-2174-HD-1

Submitted on: 4/4/2018 11:32:36 AM

Testimony for WAM on 4/6/2018 11:00:00 AM

Submitted By	Organization	Testifier Position	Present at Hearing
Duke Hartman	Testifying for Makai Ocean Engineering, Inc.	Support	No

Comments:

Makai supports programs like this that can enhance the ability of local exporters to compete and win in the global market. We support this bill.



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e-mail info@hfbf.org; www.hfbf.org

April 6, 2018

HEARING BEFORE THE
SENATE COMMITTEE ON WAYS AND MEANS

TESTIMONY ON HB 2174, HD1
RELATING TO RELATING TO THE DEPARTMENT OF BUSINESS, ECONOMIC
DEVELOPMENT, AND TOURISM

Room 211
11:00 AM

Aloha Chair Dela Cruz, Vice Chair Keith-Agaran, and Members of the Committee:

I am Randy Cabral, President of the Hawaii Farm Bureau (HFB). Organized since 1948, the HFB is comprised of 1,900 farm family members statewide, and serves as Hawaii's voice of agriculture to protect, advocate and advance the social, economic and educational interests of our diverse agricultural community.

The Hawaii Farm Bureau supports HB 2174, HD1, which creates the high-growth grant program and special fund within DBEDT.

The strength of Hawaii's economy is dependent upon a diversity in commerce that are resilient to economic downturns and aggressive in creating new opportunities for growth. This program complements other programs in DBEDT to accomplish such a goal.

A major weakness in agriculture is our lack of value added production. Our over dependence on sale of fresh goods makes us especially vulnerable to weather and pest outbreaks while strict quarantine measures and transportation costs of heavy goods make exports difficult. This measure creates incentives for value added manufacturing. Farmers like to farm. They are not experts in value added production. Partnerships with the manufacturing sector could help us in this area.

For example, beef. Maui has a new product called Maui Crisps. It is a popular "omiyage" gift. The owner had difficulty meeting demand and recently expanded his operations. This provides a value added product to our cattle industry, is portable and light -- perfect for suitcase exports and is shelf stable, not requiring refrigeration. Products like this can pull agricultural expansion supportive of our State's policy for increased agricultural production.

HFB respectfully requests your **strong support of HB 2174, HD1**, complementing DBEDT programs to grow Hawaii's economy and improve its' resilience during economic downturns.

Thank you for this opportunity to provide our input on this measure.



Chamber of Commerce HAWAII

The Voice of Business

**Testimony to the Senate Committee on Ways and Means
Friday, April 6, 2018 at 11:00 A.M.
Conference Room 211, State Capitol**

RE: HOUSE BILL HB 2174 HD1 RELATING TO BUSINESS DEVELOPMENT

Chair Dela Cruz, Vice Chair Keith-Agaran, and Members of the Committee:

The Chamber of Commerce Hawaii ("The Chamber") **supports** HB 2174 HD1, which establishes the high-growth grant program and special fund to provide grants to qualified businesses for certain business development activities.

The Chamber is Hawaii's leading statewide business advocacy organization, representing about 2,000+ businesses. Approximately 80% of our members are small businesses with less than 20 employees. As the "Voice of Business" in Hawaii, the organization works on behalf of members and the entire business community to improve the state's economic climate and to foster positive action on issues of common concern.

The Chamber supports efforts to expand and diversify the economy. HB 2174 HD1 would provide necessary capital to assist small businesses in expansion, improving the quality and efficiency of their operations, and to stay updated with safety and quality control programs. It is crucial that Hawaii's businesses receive support in order to grow to the next level and be able to compete globally.

Thank you for the opportunity to testify.

HB-2174-HD-1

Submitted on: 4/5/2018 7:01:55 AM

Testimony for WAM on 4/6/2018 11:00:00 AM

Submitted By	Organization	Testifier Position	Present at Hearing
Melodie Aduja	Testifying for Oahu County Committee on Legislative Priorities of the Democratic Party of Hawai'i	Support	No

Comments:

To the Honorable Donovan M. Dela Cruz, Chair; the Honorable Gilbert S. C. Keith-Agaran, Vice-Chair, and Members of the Committee on Ways and Means:

Good morning. My name is Melodie Aduja. I serve as Chair of the Oahu County Committee ("OCC") on Legislative Priorities of the Democratic Party of Hawaii. Thank you for the opportunity to provide written testimony on **HB2174 HD1** relating to DBEDT; Business Development; Grant Program; Special Fund; and an Appropriation.

The OCC on Legislative Priorities is in favor of **HB2174 HD1** and supports its passage.

HB2174 HD1 is in alignment with the Platform of the Democratic Party of Hawai'i ("DPH"), as it establishes the high-growth grant program and special fund to provide grants to qualified businesses for certain business development activities; and makes an appropriation.

Specifically, the DPH Platform states, "A diversified and healthy economy in Hawai'i requires a well-educated and healthy citizenry. To encourage existing and new enterprise, we need to develop a combination of tax policies and credits, lending programs, and financial incentives that will attract the business community." (Platform of DPH, P. 1, Lines 38-40 (2016)).

"We believe that government plays a vital role in nurturing and regulating our economic system. We believe that private and public employers, as responsible members of community, by providing good jobs and fair pay and benefits, are essential for economic expansion, diversification, innovation, and entrepreneurship. We re-affirm our commitment to a progressive tax structure and will work to re-establish a system based upon "ability to pay." (Platform of DPH, P. 5, Lines 56-60 (2016)).

Given that **HB2174 HD1** establishes the high-growth grant program and special fund to provide grants to qualified businesses for certain business development

activities; and makes an appropriation, it is the position of the OCC on Legislative Priorities to support this measure.

Thank you very much for your kind consideration.

Sincerely yours,

/s/ Melodie Aduja

Melodie Aduja, Chair, OCC on Legislative Priorities

Email: legislativepriorities@gmail.com, Text/Tel: (808) 258-8889